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SUBJECT: GREEK RIOTS - WHAT HAPPENED AND HOW THEY IMPACT  
U.S. INTERESTS

Classified By: Ambassador Daniel V. Speckhard for 1.4 (b) and (d)

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SUMMARY  
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1. (C) The riots that began in Greece following the December 6 police shooting of a teenager have shocked even the most cynical of Greeks, and have resulted in hundreds of millions of Euros in economic damage. The unrest has deeply polarized society, with youth of all socio-economic backgrounds generally supporting the demonstrations, and most people over thirty condemning the violence. Although it is difficult to pinpoint the exact causes of the riots, major contributing factors included:

- the insular, hothouse atmosphere of Greece's few hundred ultra-radical "anarchists;"
- popular frustration with corruption and political leaders;
- the disillusionment of the youth, who see fewer economic opportunities than previous generations did;
- irresponsible and inflammatory media coverage branding the shooting as cold-blooded murder;
- demoralized Greek security forces, weakened by post-junta limits and public distrust; and
- popular sympathy (and in some cases nostalgia) for the radical left and public tolerance of expressions of opposition through violent means.

2. (C) The government response was characterized by PM Karamanlis' absence, and most government announcements were left to Minister of Interior Pavlopoulos. The government apparently instructed the police to respond solely with a defensive posture. We believe the Prime Minister wanted to avoid any additional deaths or any platform for grievances and negotiations with the authorities (such as an occupied government building). Many Greeks believe the Karamanlis government mishandled the situation -- both by not taking a tougher stance against the violence but also by having allowed socioeconomic conditions to deteriorate. Thus, most Greeks, including those who would normally be Karamanlis supporters, now believe it is only a matter of time before the PM has to call new elections, although Karamanlis appears resolutely opposed to doing so. We expect the opposition to continue to press hard to bring down the government, and we expect the government to take steps to show leadership and action, including likely Cabinet changes.

3. (S) U.S. interests will be affected. Constrained by the unrest, the Greek government will be even more inwardly-focused than usual. Greece will likely be unwilling or unable to take bold actions on regional foreign policy issues, including the Macedonia name issue, relations with Turkey, or pressing the Greek Cypriots on negotiations in Cyprus. The government bureaucracy, ever cautious, will become even more wary in the face of political uncertainty, making it harder to address other issues on our agenda, including commercial, educational, security, and human rights issues. Finally, there are precedents in Greece for domestic terrorist groups to strike in the wake of major civil unrest, taking advantage of exhausted and demoralized security forces. We will need to continue to monitor aggressively a potentially growing domestic terrorist threat. End Summary.

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What Caused It?  
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4. (C) Although Greece is no stranger to demonstrations that include destruction of property, Molotov cocktails, and rioting, the riots that began on December 6 were qualitatively different. Estimates are still pending, but the total bill is expected to amount to hundreds of millions of Euros in damage. The rioting and demonstrations were not limited to Athens and Thessaloniki but took place throughout the country, including in normally quiet provincial centers. Also, although the violent demonstrations were initially the work of anarchists, thousands of university and high school students of both sexes eventually joined in. Televised footage showed youths as young as 13 throwing rocks at police.

15. (C) Reports by major foreign news organizations highlighted problems in the Greek economy as a cause of the rioting, and these problems certainly played a role. Like other smaller European economies, Greece is being affected by the global downturn. Its two leading industries -) shipping and tourism -) already are feeling the impact of the credit

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contraction and weakening consumer demand. GDP growth, relatively strong in recent years (4 percent in 2007), has slowed in 2008 (the government projection is for 3.2 percent), and is expected to decelerate further in 2009 (the government projection is for 2.7 percent, but private analysts, including the IMF, project a lower 2.0 percent growth rate). Unemployment, especially amongst the young, is rising, and about a fifth of the population now lives below the official poverty line. Unemployment numbers are likely to spike as the economic slowdown hits Greece's real economy in the new year. But even before the current global downturn, the Greek economy suffered from structural problems including a rigid labor market and a large public share of the economy that limited its flexibility, discouraged innovation, and stymied expansion. Greece, indeed, has many of the elements of a corporatist system, in which a relatively small group of well-known families control economic and political centers of power. Corruption and connections, rather than entrepreneurship and innovation, are seen as the keys to getting ahead. Greece is considered an unattractive place to work and invest, ranking 96th -) the lowest in the EU -) in the World Bank's "doing business" ranking.

16. (C) The Karamanlis government came to power in 2004 with a reformist agenda, but has met with resistance from entrenched interests and members of the public -- all for reform as long as it does not reduce their own individual perks. Moreover, the Karamanlis government has been plagued by its own corruption scandals, including the current Vatopedion monastery affair, which brought down some of the Prime Minister's closest advisors.

17. (C) Problems in the economy and governance have led to widespread social dissatisfaction and a sense that economic opportunities, for the first time in a generation, are contracting. These frustrations contributed to the recent rioting and fostered an attitude of tolerance amongst much of the general public for the youthful "victims" of a government and society unresponsive to their needs. At the same time, (!QQQ%Q\$ Q% Q(!Q\$Q\$ "!"Q overestimate the role Q\$!Q\$Q\$ "QQQQ%Q"!%Q "!" SysQ%! R! Qarch(QQQQ "QQQ\$Q) Q%Q(!Qp several hundred and th! Q !"QQueeks are wary of the QQQ !!" QQ!QQQQQ QQQQ!aes because of their abQQ!Q!"QQQ!QQ!Q and entitlement. The "!!QQQQ QQQQQQQQQQ!Q Q)QQ(" Q\$ proscribed period du! Q! Q!"QQ! Q ) Q%Qpuptions. University "asylum" policies prohibit state security forces from entering campuses without permission from university administrators (granted very rarely), adding to the ideologically charged atmosphere of "anything goes."

19. (C) The anarchists, headquartered at the Athens Polytechnic, have escalated their violence in recent years. Many observers believe that this trend was a concerted attempt to provoke the police into a disproportionate response, in turn sparking an even broader "uprising." The anarchists appeared to get what they wanted in the December 6

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shooting of Grigoropoulos, and they used blogs and SMSes to spread the news and mobilize their forces. As anarchist violence escalated, other university and eventually high school and even middle school students, some disgruntled, others attracted by the radical chic, joined in.

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Dinosaurs of the Hard Left  
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110. (C) Exacerbating the unrest was the opportunism of the leftist political parties. Unlike their counterparts in many other European countries, the leftist parties of Greece have not evolved with the fall of the Berlin Wall, further EU integration, and economic globalization. The ideology, tactics, and goals of the Greek "hard left" remain much as they were during the Cold War, and these parties have served as a retiring ground for many aging anarchists. Reflecting the ideological divisions of an earlier era, the left remains divided between the orthodox Marxist-Leninist, Soviet-style Communist Party of Greece (KKE) and the new left SYRIZA party, which has taken up the slogans and mindset of anti-globalization while retaining a loyalty to Marxism. Both the KKE and SYRIZA supported the recent demonstrations in an effort to further discredit the government. While the KKE publicly supported only peaceful, disciplined demonstrations, however, SYRIZA more openly egged anarchists and students on to violent action.

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Irresponsible Press

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11. (C) Finally, the Greek press had a role in aggravating the riots. Most Greek media carried breathless reports seemingly aimed at inflaming and not calming the situation. Media hyperbole helped trample the principle of "innocent until proven guilty" in the court of public opinion, with many journalists reporting that the accused police officer had fired on Grigoropoulos in cold blood, although government officials made similar statements. Police explanations that the shooting may have been accidental were derisively dismissed.

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What Did the Government Do About It?  
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12. (C) One of the most striking aspects of the events was the Prime Minister's absence; Karamanlis stayed largely out of the public eye, leaving public statements to his Minister of Interior, Prokopis Pavlopoulos. At the height of the violence, Karamanlis made just two short television appearances -- calling for calm in the one and laying out a technocratic, detailed plan for government assistance to affected businesses in the other.

13. (C) The police generally did not respond assertively to the violence and instead assumed a defensive posture. We assess that there are two explanations:

-- Initial Indecision: Initially taken by surprise, the government took the populist road, not wanting to be seen as "fascists," and thus did not direct the police to clamp down.

-- Avoid Any Additional Deaths and Deny Anarchists a Platform: As the riots worsened, however, we assess that Karamanlis and his advisors calculated that he must first and foremost avoid the possibility of any additional deaths that could fuel greater unrest. At the same time, greater force was apparently authorized to allow police to ensure that the protestors did not occupy government buildings or significant landmarks that could be used as a basis for a prolonged public platform for grievances and negotiations with the authorities. The police were clearly operating under different rules of engagement when defending the Parliament or the Foreign Ministry, than the commercial establishments next door.

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What Does It Mean?  
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14. (C) Weaker Government: While the long-term implications for Karamanlis are unclear, for now many Greeks believe the PM and his government severely mishandled the situation.

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Most, including those who would normally be Karamanlis supporters, are openly stating that it is only a matter of time before the PM has to call new elections. Conventional wisdom holds that these events are a final "mortal blow" that comes on the heels of other political crises, scandals, and the global economic crisis. The opposition, criticizing the government's response, called for the government to step down, and we expect these calls to grow louder, particularly if the unrest continues. The opposition is smelling blood. That said, it is impossible to predict exactly when this shoe might drop. If/when the government does fall will depend less on the opposition and more on dissent within the government's own ranks. We expect the government to take steps to show leadership and action, including likely Cabinet changes.

15. (C) Our Interests: In short, the Karamanlis government will be even more inward-looking than before, and it will be either unwilling or unable to take bold actions or be out of sync with popular sentiments on key regional foreign policy issues. This means that the Greek government will likely take defensive positions on the Macedonia name issue and relations with Turkey. It will also likely eschew any troop deployments that could open it up to criticism -- such as sending significantly increased numbers to Afghanistan. Greek politicians will also be unwilling to be out of sync with the Greek Cypriot leadership, and therefore loathe to press them on any aspect of the current negotiations. The ever-cautious Greek bureaucracy will, in the face of political uncertainty, become even more risk adverse, making it harder to address other issues on our agenda, such as commercial, educational, security, and human rights issues. Finally, should rumors of a cabinet reshuffle or early elections grow stronger, FM Bakoyannis may be seen by her interlocutors as a potential "lame duck" as she takes on the role of OSCE Chairman-in-Office in January.

16. (S) Terrorism: Most importantly, we will need to monitor aggressively the growing domestic terrorist threat. Following the public outrage that resulted from the 1985 killing of a youth by police, the November 17 terrorist group entered a renewed operational phase and carried out additional attacks against Greek, U.S., and other targets.

We will need to sharpen our vigilance to defend ourselves and to encourage a robust Greek response to terrorism in the face of exhausted and demoralized security services, popular dissatisfaction and angst, and a government that will undoubtedly have its attention focused elsewhere.

SPECKHARD